

Message Text

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ACTION EB-08

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TAGS: MTN, MX, ETRD
SUBJECT: TRADE DISCUSSIONS WITH MEXICAN OFFICIALS

1. SUMMARY: COMMENTS OF HECTOR HERNANDEZ, SUB-SECRETARY FOR INTERNATIONAL COMMERCE, SECRETARIAT OF COMMERCE, DURING E/C COUNSELOR'S INTRODUCTORY CALL AUGUST 18, SHOWED INDICATIONS OF GOM INTENT TO MOVE FORWARD ON BILATERAL TROPICAL PRODUCTS TRADE AGREEMENT, GOM MTN AGRICULTURE OFFER AND RESPONSE TO U.S. OFFER, AND (SEPTTEL) BILATERAL TEXTILES NEGOTIATIONS. HERNANDEZ SAID HE EXPECTS TO VISIT WASHINGTON LATE SEPTEMBER TO DISCUSS RANGE OF MTN-GATT ISSUES WITH AMBASSADOR WOLFF. IN SEPARATE CONVERSATION GARRIDO CLAIMED GOM TRYING TO EDUCATE PUBLIC TOWARDS FREER TRADE. END SUMMARY.

2. IN DISCUSSION OF TRADE ISSUES HERNANDEZ SAID REPLY TO AMBASSADOR WOLFF'S LETTER IS IN PROCESS OF INTERMINISTERIAL CLEARANCE. HERNANDEZ EXPECTED TO BE ABLE TO SEND REPLY EARLY SEPTEMBER AND PLANNED TO SEE WOLFF IN WASHINGTON LATER THAT MONTH. IN THAT MEETING HERNANDEZ
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EXPECTS TO DISCUSS MEXICAN AGRICULTURE OFFER AND GOM RESPONSE TO U. S. OFFER AMONG OTHER ASPECTS OF MTN. HE HOPED MEXICAN OFFER WOULD BE AVAILABLE IN ADVANCE FOR TRANSMITTAL TO WASHINGTON.

3. HERNANDEZ EXPRESSED APPRECIATION FOR ADMINISTRATION SUPPORT FOR ACTION ON RAILROAD CARS. HE SAID SUCH ACTION

WOULD FACILITATE MEXICAN RATIFICATION OF BILATERAL TROPICAL PRODUCTS AGREEMENT. THAT AGREEMENT IS TO BE SENT TO MEXICAN SENATE IN SEPTEMBER FOR RATIFICATION. HERNANDEZ SAID THERE WAS SOME OPPOSITION TO AGREEMENT BUT HE FORESAW RATIFICATION DURING SESSION THAT ENDS LATE DECEMBER. HE ADDED, HOWEVER, THAT GOM EVEN NOW WAS ACTING TO IMPLEMENT AGREEMENT BY ADMINISTRATIVE ACTION ON LICENSING, FOR EXAMPLE FOR IMPORTS OF ELECTRIC MOTORS.

4. HERNANDEZ RECOGNIZED FEXICO'S TRADE RELATIONSHIPS WITH U. S. ARE CHANGING AS MEXICAN OIL EXPORTS LEAD TO POSSIBLE BILATERAL MEXICAN TRADE SURPLUS. DESPITE OIL, HOWEVER, HE SAID MEXICO MUST CONTINUE TO EXPAND ITS EXPORTS OF OTHER GOODS ESPECIALLY TO EXPAND EMPLOYMENT. WE INDICATED THAT GREATER TRADE RECIPROCITY FROM MEXICO WOULD HELP EASE PROTECTIONIST PRESSURES IN U. S. AGAINST MEXICAN PRODUCT. HERNANDEZ AGREED AND (COMMENTING ON EXAMPLE WE USED) SAID THAT "SOMETHING MIGHT BE WORKED OUT" ON MEXICAN TOMATO IMPORTS.

5. HERNANDEZ THEN MADE THE USUAL STATEMENT THAT MEXICAN LEADERS ARE NOW ALL USING. THE GOM, HE SAID, DOES NOT WANT ITS OIL REVENUES TO BE USED FOR CURRENT CONSUMPTION AS IN CASE OF VENEZUELA OR INDONESIA BUT RATHER FOR INVESTMENT IN BUILDING A COMPETITIVE INDUSTRIAL STRUCTURE. LIMITED OFFICIAL USE

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IF THE REVENUES WERE NOT USED WISELY, HE SAID, "OIL WOULD NOT BE A GIFT OF TN GODS BUT RATHER A GIFT OF THE DEVIL".

6. GARRIDO IN EARLIER DISCUSSION TOLD ECON OFFICER THAT MINISTRY OF COMMERCE IS ENGAGED IN STIMULATING PUBLIC DISCUSSION AND SCRUTINY OF INCREASED MEXICAN TRADE LIBERALIZATION AND ACCESSION TO GATT. HERNANDEZ WAS GIVING SPEECHES SUBJECT WHENEVER POSSIBLE AND THEY HAD GIVEN IFIGENIA MARTINEZ, DEPUTY IN CONGRESS, HOURS OF BRIEFING ON MATTER. (IFIGENIA MARTINEZ, FORMERLY DE NAVARRETE, IS ONE OF MEXICO'S MOST RESPECTED ECONOMISTS). GARRIDO SAID GOM UNDER GREAT PRESSURE FROM INDUSTRY NOT TO REDUCE PROTECTION. HOWEVER, HE CATEGORICALLY STATED THAT HERNANDEZ'S WHOLE TEAM, MENTIONING EACH DIRECTOR GENERAL BY NAME, WAS COMMITTED TO LIBERALIZING MEXICO'S TRADE POLICY. PROCESS WOULD TAKE LONG TIME AS IT WAS CONTRARY TO DEEPLY INGRAINED MEXICAN SENTIMENTS.

7. GARRIDO CLAIMED EC ASKING TOO MUCH OF MEXICO IN REQUESTING CUTS SCHEDULED WITHIN A FEW YEARS. GOM COULD NOT AGREE BECAUSE MEXICAN INDUSTRY COULD NEVER

ADAPT QUICKLY ENOUGH. FURTHERMORE GOM RELUCTANT TO
BIND ELIMINATION OF IMPORT LICENCING REQUIREMENT. WE
PRESENTED ARGUMENT THAT GATT ACCESSION COULD PROTECT
MEXICAN MANUFACTURED EXPORTS FROM PROTECTIONIST FORCES
IN MAJOR COUNTRIES WHICH ARE BOUND TO ARISE WHEN MEXICO
BECOMES SUBSTANTIAL OIL EXPORTER. GARRIDO LISTENED
ATTENTIVELY AND SAID THEY WOULD LOOK INTO THAT LINE.
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